

Message Text

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43

ACTION NEA-10

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9008

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

AMEMBASSY TEHRAN

USDOC WASHDC

LIMITED OFFICIAL USE NEW DELHI 7289

E.O. 11652: N/A

TAGS: BEXP, IN

SUBJ: KUDREMU KH IRON ORE PROJECT - UPDATE

REF: NEW DELHI A-390, OCTOBER 16, 1974

NEW DELHI 15460, NOVEMBER 18, 1974

1. EMBOFFS DISCUSSED STATUS OF THE KUDREMU KH PROJECT ON MAY 30 WITH A.C. BANERJEE, TECHNICAL DIRECTOR, STEEL AUTHORITY OF INDIA LTD., (SAIL). BANERJEE HEADED THE TWO GOI MISSIONS TO THE US AND EUROPE TO LOCATE MINING AND ENGINEERING CONTRACTORS FOR THE PROJECT AND IS THE MOST KNOWLEDGEABLE GOI OFFICIAL ON THE KUDREMU KH PROJECT.

2. BANERJEE STATED THAT ARRANGEMENTS WITH THE IRANIANS ARE "AL-MOST COMPLETED". HE HOPES TO BE ABLE TO INVITE THE FIRMS WHICH BID ON THE PROJECT TO VISIT NEW DELHI IN ABOUT ONE MONTH FOR SUBMISSION OF DETAILED PROPOSALS. THESE WOULD INCLUDE KAISER, MCKEE, AND US STEEL WHICH APPARENTLY IS BIDDING THROUGH ITS CANADIAN SUBSIDIARY.

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3. BANERJEE SPOKE WITH OBVIOUS CONCERN ABOUT THE DELAY IN SIGNING THE AGREEMENT WITH THE IRANIANS (THE GOI HAD HOPED TO COMPLETE THIS STEP BY JANUARY). HE IS NOT SURE WHETHER THE IRANIANS WILL GRANT A SIX MONTH EXTENSION TO THE FOUR YEAR DEADLINE THEY HAVE IMPOSED FOR TARTUP OF THE PROJECT. ACCORDING TO BANERJEE, THERE HAVE BEEN NO CHANGES IN THE PROJECT DESIGN. PLANS STILL CALL FOR PELLETIZATION OF THE CONCENTRATED ORE IN IRAN. 40 TO 50,000 TONS VESSELS WILL BE USED FOR TRANSPORT BECAUSE OF LIMITATIONS AT IRANIAN PORTS. THIS PROBABLY ELIMINATES MARCONA AS POSSIBLE MINING ASSOCIATE SINCE ITS PROCESS INVOLVES LARGER VESSELS.

4. IN RESPONSE TO OUR QUERY ABOUT THE EXISTENCE OF FOREIGN COMPETITORS, BANERJEE LIMITED HIS RESPONSE TO A STATEMENT THAT SOME NON US FIRMS WERE STILL IN THE RUNNING. HE ADDED THAT ALL OF THE US FIRMS WHICH HAD BID FOR THE ENGINEERING/CONSTRUCTION CONTRACT HAD BEEN ASKED WHETHER THEY WOULD BE WILLING TO WORK WITH ANY MINING CONTRACTOR WHICH THE GOI MIGHT SELECT. BANERJEE SAID ALL FIRMS REPLIED IN AFFIRMATIVE. WE HAVE HEARD THAT A SWEDISH FIRM (PROBABLY GRAINGES A.B. OF STOCKHOLM) IS A STRONG CONTENDER FOR THE MINING CONTRACT AND MAY EVEN HAVE THE INSIDE TRACK.
SCHNEIDER

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